

Citicorp Services, Inc.

8430 W. Bryn Mawr Avenue
Chicago, IL 60631

Tel 773/380-5484
Fax 773/380-5332

ORIGINAL

RECEIVED

JUL 27 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**VIA FACSIMILE OVERNIGHT COURIER**

July 24, 1998

Mr. Greg Lipscomb
Enforcement Division
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

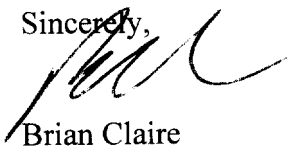
RE: Reply Comment on Remand Issues in Payphone Proceeding

Dear Mr. Lipscomb:

Citicorp Services Inc. is submitting the attached Reply Comment to the Federal Communications Commission to supplement our original response to the Commission's request for comment on certain issues related to payphone surcharges.

For further discussion of the issues raised in this letter, please contact my colleague, Brian Kibble-Smith, at (773) 380-5270.

Sincerely,


Brian Claire
Vice President

Cc: Brian Kibble-Smith,
Vice President, Government Relations

Attachment

No. of Copies rec'd 0+4
List ABCDE

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

RECEIVED

JUL 27 1998

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

**In the Matter of)
Implementation of Pay Telephone)
Reclassification and Compensation)
Provisions of the Telecommunications)
Act of 1996)**

CC Docket No. 96-128

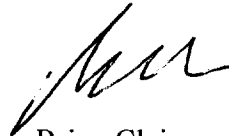
**REPLY COMMENTS OF
CITICORP SERVICES INC. ON
PAYPHONE FEES FOR COINLESS CALLS**

Citicorp Services Inc. ("Citicorp") is submitting these reply comments to supplement our statement to the Federal Communications Commission ("Commission") in response to the Commission's request for comment on certain issues related to payphone surcharges under the Telecommunications Act of 1996 ("Act"). We submit the following:

1. We reiterate that the payphone surcharge, as applied to the process of supporting social services (i.e. State helpline, etc.), distributing public welfare benefits and delivering other lifeline entitlements through Electronic Benefit Transfer ("EBT") and similar technologies is inappropriate and contrary to efforts at all levels of government to improve services and reduce expenses to taxpayers.
2. Any comments to the effect that the originally proposed surcharge was insufficient must be disregarded. This amount was successfully challenged in court. For the reasons expressed in our comment and in the comments of others, the per call amount of \$0.284 originally proposed by the FCC is not supportable. Suggesting that the surcharge should now be higher is patently absurd.
3. Based on our review of the comments submitted, and the varying opinions they express, we believe it is necessary for the FCC to clearly define the nature of the payphone surcharge process and cost within the current regulatory structure. Specifically, the FCC should expand upon the direction given in the Order on reconsideration (11/96) and restate that this surcharge is a separate charge from any tariff of interexchange carriers for 800/888 subscriber services. To date, the FCC has attached a separate definition to the surcharge, but has not clarified that the surcharge is a charge that is outside the scope of the tariffs of interexchange carriers for 800/888 services. This would assist interested parties in evaluating and understanding the surcharge's effect in these different telecommunication environments and make informed decisions consistent with the FCC's intent.

4. Research of our company's costs incurred to-date for payphone surcharges indicates a serious inaccuracy that the FCC has not addressed. In managing our EBT business, Citicorp has incurred surcharges for calls identified on invoices as having originated from payphones. Our initial investigation, however, indicates that a number of these calls originated from sources other than payphones (primarily residential lines). We must conclude that this error results from the re-assignment of telephone numbers from disconnected payphones to residences and other locations, as we have confirmed through call-backs to a sample of the originating numbers. The ability of payphone owners to unilaterally bill for a service that cannot be easily monitored and verified flies in the face of the FCC's regulatory and oversight purposes. By our understanding of FCC rules, the local telephone service provider is required to pass this charge along as a valid amount to the interexchange carrier. In addition, the possibility of collecting payphone surcharges for calls initiated from non-payphones is a disincentive to the payphone owners to correct this problem. This phenomenon may be an indication of other flaws in the process that render the proposed surcharge mechanism unreliable as well as unfair.

CITICORP SERVICES INC.



By: Brian Claire
Vice President
Citicorp Services Inc.
8430 West Bryn Mawr Ave.
Chicago, Illinois 60631
(773) 380-5358

Dated: July 24, 1998